

CALIFORNIA FOREST IMPROVEMENT PROGRAM (CFIP) REQUEST FOR RATE CHANGE

Request

The Forestry Assistance Staff is requesting the Board of Forestry to approve a rate increase in the Cap Rate in the two categories of Management Plan and RPF Supervision. Those rates have not been increased in over 12 years.

Current Status

In order for a landowner to participate in CFIP they must develop a management or stewardship plan for their property. Additionally a landowner also needed a plan to participate in the Natural Resources Conservation Service (NRCS) Environmental Quality Incentives Program (EQIP) and/or the USDA Forest Service's Forest Stewardship Program. Unfortunately the requirements of each program's plans were not identical. In 2010 Congress made changes in the Farm Bill that directed the Forest Service and NRCS to coordinate their requirements so that a landowner who did a plan under one program could qualify for cost-share assistance in the other. In 2011, CAL FIRE, NRCS and the Forest Service in Region 5 agreed to develop one template that would incorporate each agency's cost-share program requirements.

The **California Cooperative Forest Management Plan Template** was completed and approved by all three agencies in 2012. But its requirements are more challenging and more rigorous than the older versions and require more time and greater effort by the Registered Professional Foresters (RPF) who would be employed to write these plans. Prior to 2012 a typical CFIP management plan, with maps and photos was usually under 50 pages. Because the new template requires more analysis as well as more supporting documentation and maps, many plans are now up to 300 pages in length.

All on-the-ground CFIP activities, such as pre-commercial thinning, pruning, planting, etc., require supervision by an RPF. This may necessitate numerous trips to a CFIP property by the consultant over the life of the active project.

Problem

Although CFIP is currently funded with Prop 40 dollars, landowners and RPFs are not participating in the program at levels commensurate with the funding available.

CFIP has a target of 75% to 90% cost share rate for activities. The higher rate is usually applied to situations where the property has been subject to natural disaster such as a fire. Because of the added time and expense needed for the new plans, RPFs are currently charging landowners as much as double the present predetermine cost or "Cap Rate." The Cap Rate is the highest amount the state will consider as a basis for determining the cost share. For example the current cap rate for a 100 acre management plan is presently calculated as \$3800 but the true cost to the landowner is actually over \$5000. Since our reimbursement of 75% would be based on the Cap Rate, the landowner would be reimbursed \$2850 which is really only 57% of the actual cost.

Either the landowner must absorb the cost or the RPF must take less for their work. Many RPFs are feeling pressure to lower their costs. When they do they are less likely to take on additional clients.

Itemized invoices to landowners from RPFs doing CFIP work also show a disparity between current supervision rates and real costs. Actual supervision costs need to reflect the increases costs of fuel, materials, insurance and wages over the last 12 years. Currently the landowners must make up the difference or the RPF must take less for their services.

Solution

The Forestry Assistance Staff is recommending a rate increase of the base rate of management plans from \$3500 to \$5000 and a rate increase for RPF supervision from \$75/acre (for the first 5 acres) and \$40/acre for additional acres to \$150/acre (for the first 5 acres) and \$50 for additional acres. *Please see attached*

TABLE OF CONTENTS FROM A TYPICAL CFIP PLAN PRIOR TO 2012

- 1. Landowner's Contact Information**
- 2. Location**
- 3. Land Use History**
- 4. Landowner's Management Objectives**
- 5. Transportation System**
- 6. Description of Soils and Site Potential**
- 7. Growing Stock/Vegetation Types**
- 8. Growth/Potential Yields**
- 9. Regeneration Needs**
- 10. Socio-cultural considerations**
- 11. Current Silvicultural systems**
- 12. Land Conservation Needs**
- 13. Fish and Wildlife Improvements**
- 14. Fire Protection Needs**
- 15. Insect and Disease Problems**
- 16. Proposed Alternatives**
- 17. Management Recommendations**
- 18. Property Security Improvements**
- 19. Community/Agency cooperation mechanisms**
- 20. Recreation Potential**
- 21. Aesthetic considerations**
- 22. Archaeological, Historical and Cultural considerations**
- 23. Maps**
- 24. Inventory Reports**
- 25. Reference Section**

Please compare this to the California Cooperative Forest Management Plan template attached.